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Budget 2007: Flexibility for Nova Scotia and Respect for Offshore Accords

The Honourable Jim Flaherty, Minister of Finance, and the Honourable Peter MacKay, Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency, today announced that Canada's New Government will fully respect Nova Scotia's Offshore Accords, and has offered increased flexibility in making the transition to the new Equalization system.

Budget 2007 fully delivers on Canada's New Government's commitment to respect Nova Scotia's Offshore Accord by ensuring that the province keeps 100 per cent of its offshore revenues.

Budget 2007 offers the province a choice about Equalization. Today, Nova Scotia has chosen the new national formula because it is better for the province, even though it could stay with its current Equalization formula.

Canada's New Government confirmed that the Government of Nova Scotia has a full year in which it can revisit the decision that it announced today in its budget to opt into the new Equalization system.

"As a fellow Finance Minister, I appreciate the difficulty in making an appropriate permanent decision under such challenging timelines," stated Minister Flaherty. "We have therefore provided Nova Scotia with additional flexibility to decide on which system will be applied for 2008–09. This is fair and reasonable." Minister Flaherty indicated the same flexibility will be available to Newfoundland and Labrador this year should they so choose.

"It is important to note that if Nova Scotia opts for the new system, it doesn't have to give up its Accord—in fact, the Accord will be fully respected and continue to provide benefits to Nova Scotia," said Minister MacKay. The Accord provided Nova Scotia with $830 million immediately upon signing.

The province will have until March 2008 to decide which system will be applied. If Nova Scotia decides to receive payments under the new Equalization system for 2008–09, that choice will be permanent. If, however, Nova Scotia chooses to operate under the previous Equalization system for 2008–09, it may do so. It may then take a future decision to opt into the new program on a permanent basis.

As a result of the decision to opt into the new Equalization program, Nova Scotia will receive an additional $95 million as compared to the benefits offered under the current Equalization system and Offshore Accords. The total benefit to Nova Scotia under the new Equalization formula exceeds those of the current program.

Nova Scotia will receive over $1.4 billion in Equalization payments and $68 million in Offshore Accord payments in 2007–08, and Budget 2007 confirms $639 million in Canada Health Transfers for the province in the same year. Budget 2007 provides other significant benefits to Nova Scotia in 2007–08:

- $270 million through the renewed and strengthened Canada Social Transfer (CST).
- $24.2 million through a Patient Wait Times Guarantee Trust.
- $8.5 million through an Immunization Trust.
- $7.1 million in new funding (outside the CST) for the creation of child care spaces.
- $42.5 million through the new Canada ecoTrust for Clean Air and Climate Change.
- $19 million under the National Water Strategy.
- $38 million in infrastructure funding.
- $15 million for the Life Sciences Research Institute in Halifax.

Over the next two years, Nova Scotia will receive an additional $327 million in federal transfers and programs compared to 2005–06.

"Prime Minister Harper has fully preserved the Atlantic Accord concluded by former Premier Hamm, ensuring Nova Scotia keeps 100 per cent of its offshore resource revenues," stated Minister MacKay. "As a Nova Scotian, I am proud of the Government's flexibility in offering the province the time to choose for itself the system which best suits its needs."

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